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YORK TIMES, WEDNESDAY, OCTOBER 28, 1987

## K.G.B. Runs Commerce Unit, U.S. Says

By CLYDE H. FARNSWORTH  
Special to The New York Times

WASHINGTON, Oct. 27 — A State Department report, based on classified Central Intelligence Agency data, asserts that the U.S.S.R. Chamber of Commerce and Industry is headed by a K.G.B. lieutenant general and is systematically engaged in commercial espionage in the West.

It is the first time the chamber, which is housed in the former Moscow stock exchange at Ulitsa Kuibysheva 6 and represents itself as the Russian equivalent of Western chambers of commerce, has been officially branded by the United States as a center of industrial spying.

The document says that of 140 officials identified with the chamber, about one-third are known or suspected intelligence officers, of whom a few are from the G.R.U., or military intelligence, and the rest from the K.G.B., the main Soviet intelligence organization, known by its Russian initials for the Committee on State Security.

The report did not get much attention when it was put out for what State Department officials said was "limited" distribution last August. But it reached the Soviet Union and, according to sources here, was believed to have angered Soviet officials, including the Soviet leader, Mikhail S. Gorbachev.

### Was It on Gorbachev's Desk?

Officials here said the document might have been on Mr. Gorbachev's desk during his meeting with Secretary of State George P. Shultz last week that failed to set a date for a summit meeting.

Albert V. Melnikov, Commercial Counselor at the Soviet Embassy, said, "I have no comment on" the commercial espionage allegations.

The report identified the chamber's chairman as Lieut. Gen. Yevgeny P. Pitovranov of the K.G.B., who is on the

## A Government document says one-third of the officials are spies.

executive committee or governing board of the U.S.-U.S.S.R. Trade and Economic Council, a forum for improving commercial exchanges between the two countries.

The chamber "exploits and misleads" Western business and government leaders by systematically using international trade exhibitions and seminars for collection of economic data, the report contends.

### State Department Document

"Hosting over 200 trade exhibitions and about 100 Western business delegations annually and inspecting thousands of goods each year give its employees extraordinary access to imported equipment and uncounted contacts with foreign companies," according to the State Department document.

Cited as principal collection priorities are robot technology, marine technology, including that dealing with submarines doing deep sea research, and industrial chemicals.

The chamber was also accused of "falsifying" end-user documentation during inspection of Western equipment coming into the Soviet Union, according to the report.

For example, when a Western company producing goods for a civilian industry in the Soviet Union requests a quality control inspection, the chamber usually prepares a declaration of inspection for the equipment.

When Soviet officials wish to hide the true identity of the Soviet user, the re-

port said, "officials may doctor the document so that the foreign supplier may never suspect that he has sold his product to a closed facility probably involved in military production."

When the Soviet buyers purchase merchandise from a foreign source, it must be inspected to insure that it meets agreed specifications. This is done by quality control inspectors in the Goods Inspection Administration of the chamber.

These inspectors go abroad frequently, and can be assigned to a Western factory for several weeks or for months.

The inspectors are not normally subject to the travel restrictions and surveillance imposed on diplomatic personnel.

### Some Companies Persuaded

The report said they "sometimes wander into off-limits areas on the pretext of inspecting equipment" and they may "also target Western engineers and scientists for recruitment as agents to pass along technical information or trade secrets."

The chamber has been successful, the report said, in persuading Western companies to exhibit "sensitive" electronic, instrument-making, engineering, and other equipment.

Once the target companies bring their equipment to the Soviet Union for exhibition, the report said, Soviet officials put pressure on them to sell it. "A former Soviet military attaché has reported that Western businessmen have often been drawn into negotiations on the sale of sensitive equipment," it added.

Quotation of the Day,  
page 2, every day,  
in the News Summary.  
The New York Times.



Reuters

Dobrynin said Mikhail would miss out his summit meeting in a bid to impress President Reagan.

During Mr. Shultz's visit to

Mr. Dobrynin provided into Mr. Gorbachev's week, a number of questions about why the Soviet summit plans in his Mr. Shultz and whether it have been a bargainably a miscalculation.

He reported that Mr. Gorbachev disappointed that the Soviet side was unprepared last week to answer to the Soviet demands made during the strategic and space respond to offers made last month by Foreign Minister Gorbachev.

Gorbachev presented Mr. Shultz with proposals on reducing long-range weapons, including specific proposals on the three subcategories of warheads on land-based missiles, the number of sea-based ballistic missiles, and the number of air-launched

Gorbachev had proposed in the two sides negotiate capabilities of

**A** *quasitum*

# **Intelligence Collection in the USSR Chamber of Commerce and Industry**

This paper was prepared for the Department of State for public distribution. It is based on a classified study initially done by the Directorate of Intelligence of the Central Intelligence Agency for US Government officials.

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## **Intelligence Collection in the USSR Chamber of Commerce and Industry**

### **Key Judgments**

*Information available  
as of 2 January 1987  
was used in this report.*

The USSR Chamber of Commerce and Industry plays an important role in the Soviet effort to collect Western economic information of value to Soviet industry. It carries out that role while acting as a trade promoter and facilitator with excellent access to Western firms. Among other things, the chamber:

- Introduces Western firms to Soviet foreign trade and industrial organizations.
- Provides foreign trade data to Soviet agencies.
- Carries out official trade functions, including hosting exhibitions and facilitating patent work.
- Maintains representations in at least 14 countries.

Of the chamber's known staff of 140, about a third are KGB officers. The chamber also maintains ties to the GRU.

Some of the chamber's trade promotion activities involve exploiting or misleading Western business and government leaders by:

- Systematically using international trade exhibitions and seminars for economic collection.
- Falsifying end-user documentation during inspection of Western equipment coming into the USSR.

The chamber's collection priorities—if it has any—are unknown. However, since at least the 1960s, it has tried—often successfully—to collect information on a wide range of Western technology, including:

- Robot technology.
- Marine technology, including that dealing with submarines doing deep-sea research.
- Industrial chemicals.

The chamber's contribution to the overall Soviet effort to collect information on Western technology is difficult to gauge. However, its trade promotion activities—hosting over 200 trade exhibitions and about 100 Western business delegations annually and inspecting thousands of goods each year—give its employees extraordinary access to imported equipment and uncounted contacts with foreign companies, particularly US or US-affiliated firms.

The Washington Post \_\_\_\_\_  
 The New York Times \_\_\_\_\_  
 The Washington Times \_\_\_\_\_  
 The Wall Street Journal \_\_\_\_\_  
 The Christian Science Monitor \_\_\_\_\_  
 New York Daily News \_\_\_\_\_  
 USA Today \_\_\_\_\_  
 The Chicago Tribune **SEC 1 - Pg. 6**

Date **28 OCT 1987**

# 'dirty tricks' file upsets Soviets

## Gorbachev angered by U.S. report on disinformation

By Terry Atlas  
 Chicago Tribune

WASHINGTON—At the low point in his talks last week with Secretary of State George Shultz, a suddenly angry Mikhail Gorbachev pulled from his stack of papers a month-old State Department report on Soviet disinformation and other "dirty tricks" to influence foreign public opinion.

The report was "all marked up," Shultz said afterward, and the Soviet leader "seemed to resent the fact that there were critical comments in it."

Kathleen Bailey, author of the report, said Monday that she was not altogether surprised by Gorbachev's reaction.

"You would anticipate they would be upset about it, yes, because we've exposed what they've done," she said.

Ironically, Shultz at the time had not seen the 90-page report, which documents a variety of Soviet "active measures," such as a disinformation campaign that contends the AIDS virus is the result of American germ warfare experiments. By Monday, Shultz had a copy of the unclassified report.

Bailey, former research director at the U.S. Information Agency, is deputy assistant secretary of state for research, specializing in Soviet efforts to influence world public opinion through deception and lies.

The report was the work of an interagency government group that draws on officials from intelligence agencies, from the State and Defense departments and the U.S. Information Agency.

Partly in response to pressure from the political right, the State Department a year ago established, under Bailey, an Office of Active Measures Analysis and Response to monitor such Soviet activities and to plan U.S. steps to counteract them.

The study, requested by Congress, looked at the way the Soviets use disinformation (deliberately false or misleading information), forgeries, front organizations and other covert measures to advance Soviet foreign policy and to damage the U.S. in the eyes of the world.

"The Soviets have been picking up their activities in this area significantly," Bailey said, despite Gorbachev's calls for more openness and better relations with the West.

Jeffrey Richelson, an intelligence specialist at the Brookings Institution, said there is no question that the Kremlin directs such undercover activities.

If the Soviets are planting false stories, then "it's certainly legitimate to try to find out about them and to try to show they're not true," he said.

The report documents Soviet efforts to spread false stories that, for instance, the U.S. supplies chemical weapons to the anticommunist Af-

ghan resistance fighters and that the U.S. has developed an "ethnic bomb" that selectively kills nonwhites.

The report traces the AIDS story, a disinformation campaign that has particularly angered American officials. Last month, Shultz complained about it to Soviet Foreign Minister Eduard Shevardnadze, who reportedly said Moscow would try to stop spreading the story.

In addition, the report cites the World Peace Council and its American branch, the U.S. Peace Council, as Soviet front organizations that promote the Kremlin's defense and disarmament proposals.

The group is said to be directed by the international department of the Soviet Communist Party, which is headed by Moscow's former ambassador to the U.S., Anatoly Dobrynin.

The report covers what it says are Kremlin efforts to use Soviet religious leaders to influence their counterparts around the world and damaging forged documents that seem to be the work of Moscow or its allies.

The official Soviet news agency Tass, in a story Sept. 30 about the report, said critically: "The authors of the publication seemed to be guided by two simple rules: Any public organization opposed to Washington's official directives was a 'front' for the Russians, while any

press report damaging to U.S. prestige was Soviet disinformation."

Shultz, recounting his conversation with Gorbachev, said he gave no ground to the Soviet leader.

"There was sort of an attitude [by Gorbachev] of how could anybody be critical of the Soviet Union," Shultz recalled. "And I said really it's very easy."

"After all, you invaded Afghanistan, you shot down that Korean airliner and then Mr. Gromyko [then Soviet foreign minister] went to Madrid and said that they'd do it again," Shultz said he told Gorbachev. "And then you've been spreading all this bum dope about AIDS, so you can see that it's possible to be upset."

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Washington Post

11 Nov. 1987

# Gorbachev Considers Longer Stay in U.S.

## Aides Say He Will Stress Arms Issues

By Gary Lee  
Washington Post Foreign Service

MOSCOW, Nov. 10—Soviet leader Mikhail Gorbachev could prolong his upcoming visit to the United States several days beyond the three days now planned, a senior Soviet official said today.

U.S. spokesmen have said the Gorbachev trip, scheduled to begin Dec. 7, is due to end Dec. 10 or 11, but Kremlin officials are weighing a longer stay, the Soviet official, who asked not to be named, said.

Other Soviet officials have indicated that besides the length of Gorbachev's visit, his program and general objectives and entourage are still the subject of intensive senior-level discussions at the Kremlin.

Besides signing a U.S.-Soviet accord to eliminate medium- and shorter-range missiles, Gorbachev's general purpose is expected to be making sure that the disarmament process will continue beyond the summit and beyond the Reagan presidency.

One Soviet official said Gorbachev's trip could focus as much on engaging the American people in a discussion of disarmament as on meetings with officials. Vitaly Korytch, editor of the official magazine Ogonyok, said in an interview that "the trip has other important purposes besides the talks."

In the Soviet view, the Washington summit should involve a major discussion of a treaty to cut back on strategic nuclear arsenals on both sides and to abide by the 1972 Anti-Ballistic Missiles (ABM) treaty, in addition to signing the treaty on intermediate nuclear forces (INF).

"The summit could give a real impetus to relations if it is followed by other initiatives for disarmament," Kremlin foreign policy adviser Evgeniy Primakov said in an interview. "We don't see the summit and the agreement to be signed there as the end of a process but part of a long process in our relations."

the strategic weapons treaty under discussion are "not linked but they are also not separate," said Primakov, head of the International Institute for the World Economy, a leading Soviet think tank. Both agreements are part of a larger disarmament process, he added.

"The main job of Moscow is to ensure that Reagan is engaged in the arms control process until the end of his presidency," an expert on American affairs said in a recent interview. Besides planning meetings between Gorbachev, President Reagan and other senior officials, Kremlin aides are also discussing Gorbachev's agenda during the trip, including possible public relations appearances or sightseeing trips.

Raisa Gorbachev, who is expected to accompany her husband on the trip, also is involved in discussions about possibly extending the visit, according to a Soviet source. She favors a visit of longer than three days, the source said.

Soviet officials stress that the trip is a working visit. They also have mentioned the possibility that Gorbachev will make a major speech before Congress or the U.N. General Assembly.

The team of aides to accompany Gorbachev will include Foreign Minister Eduard Shevardnadze and propaganda specialist Alexander Yakovlev, both members of the ruling Politburo, Soviet officials have said. Other members of the Soviet delegation are still under discussion, an official said, and could include Defense Minister Dmitri Yazov.

Beginning senior-level presummit talks, Deputy Secretary of State John Whitehead is to arrive here Nov. 14 for discussions with Deputy Foreign Minister Anatoly Adamishin on human rights issues.

Deputy Foreign Minister Yuli Vorontsov and Undersecretary of State Michael Armacost are to meet on regional issues in Geneva Nov. 17 and 18. In addition, Vorontsov and Max Kampelman, who heads the U.S. del-

egation in Geneva, are scheduled to hold talks Nov. 16.

Both sides agree that the INF treaty is largely finished and the Geneva negotiations will focus on wrapping up the remaining details, Soviet officials here have said.

Although many Soviet officials are convinced Reagan is interested in arms control to enhance the record of his term in office, they have expressed fears that after signing an INF accord he will abandon the disarmament process and delay negotiations for follow-up agreements.

Uncertainty about Reagan's commitment to postsummit disarmament negotiations, apparently a subject of major dispute in the Kremlin, is seen by some as a possible reason for Gorbachev's sudden—and shortlived—reluctance to set a date for a summit during

meetings last month with Secretary of State George P. Shultz.

At the start of an Oct. 23 meeting with Shultz, Gorbachev indicated to journalists that he would be going to the United States for a short visit. But about three hours after the meeting started, he told Shultz he was not prepared to go.

There has been speculation here that Gorbachev decided during the meeting that the United States was not prepared to discuss the question of Reagan's Strategic Defense Initiative, a program for a space-based antimissile system, and thus decided suddenly to delay setting a summit date.

According to a U.S. official present at the talks, when Gorbachev told Shultz he was not comfortable fixing a summit date, he added that he would have to consult with Kremlin colleagues before setting one.